

City of Seattle
Department of Administrative Services

Kenneth J. Nakatsu, Director
Norman B. Rice, Mayor



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December 13, 1996

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20552

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Federal Communications Commission
Office of Secretary

Dear Mr. Caton:

Re: Comments of City of Seattle

In the Matter of Implementation of Section 254 of the Telecommunications Act of 1996,
Universal Service, CC Docket No. 96-45

This letter presents preliminary comments by the City of Seattle with regard to the Recommended Decision on Universal Service.

Support for Low-income Consumers

The City of Seattle supports the recommendations made by the Joint Board to assure that toll charges do not result in the loss of telephone services for Lifeline customers. This recommendation has the potential to improve the long-term penetration of telephone service among low-income residents.

The City of Seattle will support the recommendation of the Joint Board to defer the issues of universal service support for usage of interexchange and advanced services for low-income residents. The City of Seattle would like to see the Commission address the concept of access to Internet service in a manner similar to access to interexchange services as part of the definition of Universal Service in a future proceeding. Under this concept, consumers would have choice of Internet providers, but the process would be simplified for the consumer who would have combined billings, similar to long distance charges. Protections to assure that Internet Access charges did not result in the loss of local of phone service for Lifeline participants, as discussed above, would need to be in place. However, as many interexchange providers are only beginning to market these services, and some calling areas do not have local Internet Service Providers, the adoption of this concept at this time would be premature.

Support for Schools and Libraries

The City supports the recommendation on flexibility for the acquisition of telecommunications services.[ML1] The City supports the inclusion of telecommunications services beyond the service normally included in Universal Service. High speed technologies will be increasingly important for Internet Access.[ML2] The City also supports the recommendation for access to Universal Service Fund support for Internet and e-mail services. The Joint Board recommendation to limit discounts to information services not presently accessible through the Internet is reasonable, given the extensive demands for Universal Service funding..

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The City concurs with the Joint Board recommendation that for limited purposes (to provide advanced data connectivity to classrooms, public access points in Libraries) the "inside wiring" should be eligible for discounts supported by the Universal Service Fund. The provision of connections is a competitive business. The provision of significant discounts will require support to the providers. The mechanisms provided in the recommendation, including the reimbursement from the Universal Service Fund, the requirements of competitive acquisition processes, and an annual cap on the expenditures should balance the need with assurance that the telecommunications users are not burdened by this recommendation.

The City supports the items on the list included in Paragraph 477 as to allowable elements of "inside wiring", but the list of allowable items should be expanded to include data switches (Ethernet, IP or ATM) and the exclusion should be expanded to include "thin client" net stations and terminals for consistency.

The City concurs with the Joint Board recommendation that services to schools and libraries be able to obtain services, and be subject to Universal Service supported discounts, from the full range of telecommunications carriers who can meet the specific needs of the school or library. We believe that this range of providers be allowed to include telecommunications networks which do not offer services to the general public. Inter-governmental consortia, institutional networks achieved through cable television franchise negotiations, and services from other private networks with excess capacity may provide very cost-effective means to meet the needs of schools and libraries. All providers should be required to respond through a competitive process to assure that the benefits of cost-efficiency are being realized by the schools and libraries.

The City is comfortable with the limitation on resale, as necessary to assure the appropriate priority of the Universal Service Fund, provided that the interpretation is not onerous on consortia that provide the service to schools and libraries. If the consortia have to submit "bids" to the fund through the administrator for the service to each entity, then there will be price competition for the service. The best price for the service should be obtained by the respective school or library. While it is appropriate to require records to support the cost allocation to eligible schools and libraries, imposition of a requirement for highly detailed accounting to disaggregate the costs for each school or library, to assure that the discount support does not cross-subsidize the other consortia members, may increase the costs for the consortia and "waste" Universal Service Funds which may otherwise go to provide services. These consortia should be able to include reasonable retained earnings for the future upgrade of systems or to lower costs in the future to remain competitive, provided that the allocation is reasonable and not not accrue disproportionately from the customers who are eligible for the discount.

The City supports the concept that the total value of the Universal Service Fund may be capped, with priorities used to guide disbursements if requests would otherwise exceed the cap; however, we would suggest that the cap be clarified to be specific for Universal Support for Libraries and Schools, which appears to be the intent in the recommendation. While the cap may slow the deployment of these systems in portions of the country, the pace of deployment will be naturally limited by the ability of the schools and libraries to obtain the necessary pcs, workstations, etc. and to provide appropriate training for staff to make use effective use of access. However, the City of Seattle urges that the priority scheme used to disburse funds, in addition to the priorities discussed in the recommendation (most economically disadvantaged who have not yet received support) also establish some limitations, in years when the cap will be reached, on the scope of services to be supported, particularly with the telecommunications service provided. Hypothetically, if the last requests pending before the cap is reached are from two schools, one which qualifies for a 90% discount and seeks support for a T-3 line for every 100 students, which would exhaust the last dollar available under the cap, and the other school which qualifies for an 80% discount seeks support for a T-1 line for every 200 students, there should be criteria to limit the amount of support to the more economically disadvantaged school to allow "reasonable" service level to both schools.

The City of Seattle supports the use of the School Lunch Eligibility criteria to establish the discount rate for schools. The report did not, however, address the eligibility criteria for determining the level of discount appropriate to a library. Libraries, like schools, generally serve a geographic area while being a part of a larger system. While the school lunch program criteria has the elegance of assessing not just the neighboring residential character, but the characteristics of the students in the school. There is not such an indicator for library patrons however. There are numerous possible indicators including the traditional census boundaries. For simplicity, as the data tends to be available, as schools tend to be geographic, and to promote the use of similar indicators for both schools and libraries, we should suggest that the discount eligibility of the three closest public schools (or for more rural areas the closest school if multiple schools are not located within 5 miles of the library) be aggregated to determine the eligibility of the library. However, as libraries serve the general population, alternative criteria should be considered to address communities where unusual population characteristics exist, such as in a community with a significantly greater than usual senior population.

Please contact Matthew Lampe at (206) 684-0504 or by e-mail, Matt.Lampe@ci.seattle.wa.us if you have questions regarding these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Lampe', with a stylized, flowing script.

Matthew Lampe
Director, Strategic Planning

cc: Steve Johnson, Office of Intergovernmental Relations
Tina Podlodowski, Seattle City Council, Telecommunications and Technology Committee